

CMS Manual System

Department of
Health &
Human Services

Pub 100-04 Medicare Claims Processing

Center for
Medicare and &
Medicaid Services

Transmittal 545

Date: APRIL 29,
2005

Change Request
3809

SUBJECT: The Teaching Adjustment for Inpatient Psychiatric Facility Prospective Payment System (IPF PPS)

I. SUMMARY OF CHANGES: This CR documents the policy change to create a separate output from Pricer for the teaching adjustment for IPF in order that the teaching amounts may be settled at cost report. This will require modifications both to FISS and the IPF Pricer.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : Cost reporting periods beginning on or after January 01, 2005

IMPLEMENTATION DATE : October 03, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED

R/N/D	Chapter / Section / SubSection / Title
N/A	

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – One-Time Notification

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SUBJECT: The Teaching Adjustment for Inpatient Psychiatric Facility Prospective Payment System (IPF PPS)

I. GENERAL INFORMATION

A. Background: The IPF PPS has a facility-level adjustment to the Federal per diem base rate for IPFs that train interns and residents. The teaching adjustment is calculated by taking the ratio of interns and residents to the average daily census (ADC), adding 1, and raising that sum to the 0.5150 power. Currently, the adjustment is treated in the same manner as the rest of the facility-level and patient-level adjustments. That is, it is multiplied by the Federal per diem base rate to compute the Federal per diem payment.

B. Policy: The data needed to compute an accurate teaching adjustment (the number of interns and residents and average daily census) comes from the cost report itself.

Since the Pricer computes the teaching adjustment using data from the provider-specific file and then applies the adjustment along with the other patient-level and facility-level adjustments, there is no way to reconcile the teaching amount (with the most current data) on the cost report itself unless the teaching payments are distinct from the per diem payment. For example, if the number of patient days for an IPF changes, there is no way to compute an accurate teaching adjustment on the cost report.

This CR documents the policy change to create a separate output from Pricer for the teaching adjustment for IPF in order that the teaching amounts may be settled at cost report. Based on recent comments from the Division of Cost Reporting and FIs, it was requested that CMS modify the Pricer and FISS so that the portion of the Federal payment attributable to the teaching adjustment can be settled appropriately on the cost report.

The teaching adjustment is calculated as follows:

1. Take the product of the wage adjusted base rate and the applicable teaching, rural, DRG, comorbidity, and age adjustments.
2. Take the product of the wage adjusted base rate and the applicable rural, DRG, comorbidity, and age adjustments.
3. Take the difference of these two products (Step 1 minus Step 2).
4. Calculate and sum the variable per diem amounts for the product in Step 2 to calculate the Federal payment net of the teaching adjustment amount.
5. Calculate and sum the variable per diem amounts for the difference in Step 3 to calculate the portion of the Federal payment attributable to the teaching adjustment.

6. To obtain the total Federal payment necessary for outlier calculations, etc., add Steps 4 and 5 together. Step 5 alone is the teaching adjustment portion of the Federal payment, and can be separately identified and reconciled on the cost report.

Note that for PIP providers, they will receive the teaching adjustment on a per claim basis.

Additionally, as stated in CR 3752, CMS is reminding you that there is no authority to pay Indirect Medical Education to IPFs for Medicare Advantage beneficiaries, as is done under the acute inpatient prospective payment system.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I S S	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3809.1	FISS shall install IPF Pricer version 051 effective October 1, 2005.					X				
3809.2	FISS shall accept the teaching amount as an additional output from the IPF Pricer and set this amount in Value Code 19. The amount returned from the Pricer will have been reduced by the applicable blend year percentage.					X				
3809.3	FISS shall pay for the teaching adjustment for PIP providers per claim.					X				
3809.4	FISS shall pass the Value Code 19 amount along with the other outputs to the PS&R.					X				
3809.5	FIs shall settle this amount at cost report settlement.	X								
3809.6	FIs shall mass adjust <u>teaching</u> IPF claims submitted between January 1, 2005 and October 1, 2005 by December 15, 2005, so that the teaching amounts flow to the PS&R.	X								

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3809.7	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X								

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: IPF Pricer

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: Cost reporting periods beginning on or after January 1, 2005	No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.
Implementation Date: October 3, 2005	
Pre-Implementation Contact(s): Policy: Matt Quarrick at (410) 786-9867, Billing: Sarah Shirey at (410) 786-0187	
Post-Implementation Contact(s): Appropriate Regional Office	

***Unless otherwise specified, the effective date is the date of service.**